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SUBJECT: SUMMARY REPORT ON CONSULTATIVE WORKSHOP ON THE  
GLOBAL FOOD SECURITY RESPONSE NAIROBI, KENYA  
NOVEMBER 11-14, 2008.

REF:

The following is a summary report, following the  
consultative workshop on the Global Food Security  
Response.

11. Key regional partners participated in a workshop  
November 11-14 in Nairobi, Kenya, to discuss priorities  
for the implementation of the Global Food Security  
Response in Eastern and Southern Africa. This is part  
of a broader, multi-donor response to the global food  
crisis in support of the Africa-led Comprehensive  
African Agricultural Development Program (CAADP). The  
U.S. Government, led by USAID, has organized this  
initiative in the sub-region to ?make markets work for  
African farmers,? particularly smallholders. The  
overall objective is to address food security by  
strengthening orderly marketing and structured trading  
systems for staple foods, increase farm incomes, and  
increase regional food supplies as building blocks of  
regional economic growth. Building on existing  
activities, the Global Food Security Response will  
coordinate emergency response with long-term  
development programs. A key objective is facilitating  
the development of systems for the local and regional  
procurement of food aid, which will strengthen, rather  
than by-pass, sustainable market institutions.

12. The workshop was organized jointly by USAID/East  
Africa?s offices of Regional Economic Growth and  
Integration and Food for Peace, and the Eastern Africa  
Grain Council (EAGC). The EAGC is a private sector  
association of producers, traders, millers and other  
processors, and services providers working at all  
stages of value chains for grains in the region.

13. From USAID, the following offices and Missions were  
represented: the Africa Bureau (AFR/SD), the  
Humanitarian Assistance Bureau (DCHA/PPM); the Office  
of Foreign Disaster Assistance (OFDA), the East Africa  
regional mission, and the bilateral Missions in Kenya,  
Uganda, Rwanda, Ethiopia, Sudan, Malawi, and Zambia.  
The EAGC was represented by several members of its  
Board of Directors as well as its senior staff. The  
Common Market for Eastern and Southern Africa (COMESA)  
presented the newly launched Alliance for Commodity

Trade in Eastern and Southern Africa (ACTESA). Senior staff of the World Food Program (WFP) from Rome and Nairobi presented and discussed their new Purchase for Progress (P4P) program.

¶4. Staple food marketing experts from the EAGC, the Alliance for a Green Revolution in Africa (AGRA), Catholic Relief Services (CRS), KENAGRI, ACDI/VOCA, and CLUSA presented lessons from programs designed to integrate smallholders into commercial markets. Other private firms and NGOs active in the sector participated actively in discussions. Representatives of other donors included the Swedish International Development Agency (SIDA), the Bill & Melinda Gates Foundation, the World Bank, Australian Aid (AusAID), and Japanese International Cooperation (JICA).

¶5. The workshop produced concrete outputs on two levels. First, there were internal meetings among the five USAID Missions in eastern Africa that are being provided with supplemental funds for the Global Food Security Response ? Kenya, Uganda, Rwanda, Ethiopia, and East Africa regional. Sudan, Malawi, and Zambia are involved in the newly launched Market Linkages Initiative, a separate program supported by the Famine Prevention Fund, and are likely to receive funding for the Food Security Response in future years. USAID/Mozambique and the regional office for southern Africa were unable to attend, but will also be involved.

¶6. The Mission representatives discussed how to coordinate their plans and programs with each other and with USAID/Washington. The five missions in eastern Africa that are receiving supplemental funds this year will submit final implementation plans in December. These will lay out expanded development assistance activities in support of food marketing and trading systems, with a focus on local and regional procurement, which will be coordinated with humanitarian assistance delivered through Food for Peace and OFDA. Each Mission will show how their activities are helping to reduce the longer-term need for food aid and other forms of emergency assistance. A mechanism for coordination among agencies and missions has been set up in the USAID/East Africa Mission.

¶7. The second set of meetings with the broader stakeholder group discussed lessons from ongoing activities in staple food markets and trade, and agreed on the following broad recommendations:

? In the areas of national and regional public policy, the new ACTESA program will catalyze an effective voice for smallholders to advocate for more transparent and consistent policies in support of open borders. ACTESA will push for the full implementation of harmonized, simplified regional rules and protocols to encourage cross-border trade that have been agreed by regional policy forums of COMESA and the East African Community (EAC). The EAGC and bodies including the COMESA business forum will advocate for an open and predictable policy environment for private sector investments in staple food marketing and value chains. A coordinated voice is needed to muster evidence against short-sighted policies and interventions in markets by policy-makers. Prominent examples are bans on food exports and ad-hoc interventions in domestic crop and food prices imposed without warning in the name of national food security, which often penalize both farmers and traders without achieving expected benefits for consumers.

? The integration of smallholders into commercial markets will be encouraged by linking increased productivity with viable mechanisms to consolidate harvests at accessible bulking/storage centers. The expansion and scaling up of warehouse receipt

systems, and eventually of commodity exchanges, are potentially important components of structured trading systems. While there is a broad consensus in favor of collective marketing by associations of smallholders, there are many examples where poor governance and top-down dependency on cooperatives or NGO-led projects have led to collapse and disappointed hopes. A number of alternative models are being promoted, such as the bottom-up development of groups that mobilize their own savings, and which are given opportunities to acquire business skills from private sector partners. At the regional level, transport corridors link potential surplus production zones, storage facilities, and markets. They provide a framework for identifying targets of opportunity for increasing regional trade in staples, thereby expanding market opportunities. ? The private and public sectors should work together to provide expanded market services and institutions for structured trade. To negotiate the transition from low-input, low-output subsistence-oriented production to commercial production for the market, farmers need to improve their decision-making capacity and business and analytical skills. Reliable market information systems should be upgraded and made more broadly accessible with private investments by cell phone companies and other partners. Key investments in infrastructure must be promoted. Public investments in feeder roads and other basic services are critically important, and will require sustained advocacy. Private investors should be encouraged to build stores and drying facilities, upgrade aggregation points, broaden opportunities for processing, etc. Finance, credit, and loan guarantees are needed to upgrade marketing systems at many points along value chains.

? Systems for local and regional purchase of food aid should be leveraged to support the development of structured trade. The World Food Program should put mechanisms in place to use sustainable market and trading systems to purchase food crops produced by smallholders. These should include agreements to buy from aggregation points, warehouse receipt systems, nascent commodity exchanges, etc. All agencies involved in local and regional purchase should use sustainable commercial, rather than ad hoc parallel marketing channels, and experiment with vouchers and other innovative mechanisms that will benefit poorer farmers. Care should be taken to ensure that local purchase programs do not have negative impact on prices.

? As a mechanism for opening up market access for livestock producers in marginal areas, local and regional purchase should include animal products among nutritious foods for distribution. The Kenyan national food reserve system is considering canned corned beef and UHT milk in rations. Analysis of possible meat and milk processing and market chains should be done immediately to establish feasibility. The Global Food Security Response should be linked with ongoing programs to broaden market opportunities for small and pastoralist livestock producers, with a focus in arid and semi-arid areas.

? A regional learning platform will be set up to assist farmers? organizations, private companies, NGOs, and publicly supported development and emergency assistance programs to make markets work for farmers. The platform should collect and disseminate information on best practices and lessons learned in the area of market service and institutions. It could use web-based and e-mail systems, regular publications, and meetings. ACTESA was suggested as a possible facilitator for

this platform.

¶18. Several donor representatives met briefly on the last day with the group from USAID, as well as with representatives of the World Food Program (WFP) and the Eastern Africa Grains Council (EAGC). It is clear that the global food price crisis of the past year has led to increased attention to market access for small farmers, as a key component of agricultural development. Many separate actions are being taken, and everyone agreed that there is an urgent need to improve coordination.

¶19. CAADP provides a framework, but more needs to be done to link activities at the regional and national levels, both with governments and with other partners. Focused research and advocacy are needed to prevent policies that are reacting to short-term political pressures from undermining the longer term development of regional markets. The EAGC needs to scale up its capacity for advocacy, to present the consequences of policy alternatives at both national and regional forums. As it begins to implement its Purchase for Progress (P4P) program the WFP is consulting widely, and is supporting innovative market mechanisms. The donors are planning closer coordination in their support to COMESA and other regional organizations, including expanded programs to speed up trade along transit corridors, and their transformation into economic corridors. COMESA's ACTESA will coordinate activities to expand regional markets for staple commodities, with improved access for smallholder farmers, which is a widely shared common objective.

¶10. On Saturday, November 15, the EAGC organized a field trip to visit the warehouse receipts system at the facility of Lesiolo Grain Handlers Limited near Nakuru, Kenya. This program has been supported by the Kenya Maize Development Program and the Equity Bank, as well as by the EAGC.

¶11. Presentations available on the EAGC Website:  
<http://www.eagc.org/reports.asp>

Promoting orderly grain marketing ? Constantine Kandie and Bridget Okumu (Eastern Africa Grain Council)  
ACTESA: Strategy for Advocacy and Competitiveness ? Cris Muyunda (COMESA)  
Local and Region Purchase for Structured Grain Trade? David Rinck, (USAID/FFP/East Africa)  
Complementarity of Local/Regional Procurement Operations and Agricultural Development Efforts ? Jeff Hill, (USAID/Africa Bureau)  
Purchase for Progress (P4P): Empowering small farmers - - Joao Manja, (World Food Program)  
Services and Institutions: Linking smallholders to BDS providers, the Zambian experience -- Mark Wood, (CLUSA)  
Smallholder commercialization: the foundation for structured trade -- Sophie Walker (KenAgri), Sebastian Wanjala Oggema (ACDI/VOCA), Megan McGlinchy (CRS)  
Barriers to Trade in Food Staples -- Stephen Njukia (AGRA)  
Commodity Risk Management: EAGC Warehouse Receipt System -- Stephen Njukia (AGRA)

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